

Message Text

UNCLASSIFIED

PAGE 01 STATE 208962

62

ORIGIN EB-07

INFO OCT-01 ARA-10 ISO-00 COME-00 CIAE-00 DODE-00 DOTE-00

FMC-02 INR-07 NSAE-00 SAL-01 CG-00 DLOS-06 OES-06 L-03

/043 R

DRAFTED BY EB/TCA/MA:JAPURNELL:EW

APPROVED BY EB/TCA/MA:CTAYLOR

MARAD:FRAITER (SUBS.)

ARA/BR:TSHUGART (INFO.)

----- 096079

R 232004Z AUG 76

FM SECSTATE WASHDC

TO AMEMBASSY BRASILIA

INFO AMCONSUL RIO DE JANIERO

AMEMBASSY BUENOS AIRES

UNCLAS STATE 208962

E.O. 11652:N/A

TAGS:EWWT, OVIP(BLACKWELL, ROBERT J.), AR, BR

SUBJECT:MARITIME DISCUSSIONS WITH BRAZIL

REF: BRASILIA 7231

1. MARAD UNAWARE OF ANY MARAD-SUNAMAN TELEX, BUT QUOTED
FOR EMBASSY'S INFORMATION IS A LETTER OF JULY 29 FROM
MR. BLACKWELL TO COMMANDANTE ABUD, WHICH WE BELIEVE
COUNSELOR PIRES MAY HAVE BEEN REFERRING TO:

QUOTE:

DEAR COMMANDANTE ABOUD:

BEFORE MEETING WITH YOU IN BRAZIL I THOUGHT IT APPROPRIATE
TO DRAW YOUR ATTENTION TO A MATTER WHICH IS OF MUTUAL
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 208962

CONCERN. AS YOU KNOW, A POTENTIALLY TROUBLESOME SITUATION

HAS ARISEN IN REGARD TO THE "MINI" OR NATIONAL LINES SECTION OF THE NORTHBOUND REVENUE POOLING AGREEMENT NO. 10028 WHERE BRAZILIAN NATIONAL LINES HAVE GENERATED AN ENORMOUS OVERCARRIAGE PENALTY IN FAVOR OF THE U.S.-FLAG CARRIER. IT IS MY UNDERSTANDING THAT THIS OVERCARRIAGE PENALTY IS NEARLY 800,000 DOLLARS FOR THE FIRST HALF OF THIS YEAR ALONE. THIS IS IN MARKED CONTRAST WITH

THE OPERATION OF THE SOUTHBOUND REVENUE POOL NO. 9847, WHERE THE SAME BRAZILIAN CARRIERS PARTICIPATE IN THE CARRIAGE OF U.S. EXPORTS TO BRAZIL AND ARE PRESENTLY CARRYING 53.3 PER CENT OF THE VOLUME OF CARGO AND EARNING 51.5 PER CENT OF THE OCEAN FREIGHT REVENUE.

IN ORDER TO GAIN SOME INSIGHT INTO THE REASONS FOR THIS CONDITION, I HAVE DISCUSSED THE LEVELS OF U.S.-FLAG SERVICES AVAILABLE IN THE ABOVE-MENTIONED TRADE WITH MAJOR U.S. IMPORTERS AND MADE A SEPARATE COMPARATIVE STUDY OF THE U.S. AND BRAZILIAN FLAG CARRIER SERVICES IN THIS TRADE. NO EVIDENCE WAS FOUND TO SUGGEST THAT THE LEVEL OF COMPETITIVE SERVICES OFFERED BY U.S. CARRIERS WAS BELOW THAT OF BRAZILIAN VESSELS. I CAN ONLY CONCLUDE THAT THE PRESENT SITUATION RESULTS FROM A MORE ACTIVE APPLICATION OF BRAZILIAN EXPORT INCENTIVE BENEFITS.

THE EXISTING OVERCARRIAGE PROBLEM IS OF SPECIAL CONCERN TO ME BECAUSE IT RAISES THE SPECTER OF A POTENTIAL LAYUP OF U.S.-FLAG VESSELS AND REPRESENTS A CONDITION IN THE TRADE THAT IS INIMICAL TO THE GOALS AND PRINCIPLES EXPRESSED IN THE MERCHANT MARINE ACT OF 1936, THE UNITED STATES LAW WHICH REGULATES OUR ENTIRE SUBSIDY PROGRAM. IF U.S. -FLAG VESSELS RETURN FROM BRAZIL NEARLY EMPTY, ONE CAN SERIOUSLY QUESTION THE EFFECTIVENESS OF THE 1936 ACT IN MAKING SUCH VESSELS COMPETITIVE. THIS, I NEED NOT REMIND YOU, COULD HAVE SEVERE REPERCUSSIONS ON THE U.S. MARITIME PROGRAM.

I AM ESPECIALLY GLAD THAT WE WILL SOON HAVE THE OPPORTUNITY TO DISCUSS THIS AND OTHER MARITIME PROBLEMS
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 STATE 208962

IN YOUR GREAT COUNTRY. MY PURPOSE IN WRITING TO YOU ABOUT THE OVERCARRIAGE PROBLEM AT THIS TIME IS TO GIVE YOU AN OPPORTUNITY TO EXPLORE THIS MATTER WITH YOUR NATIONAL LINES BEFORE OUR MEETING. IN THIS WAY WE CAN MAKE THE BEST USE OF THE SHORT TIME THAT WILL BE AVAILABLE TO US IN RIO.

I THANK YOU BEFOREHAND FOR THE ATTENTION YOU WILL GIVE

THIS PROBLEM AND LOOK FORWARD WITH ANTICIPATION TO OUR
FORTHCOMING MEETING.

WITH BEST REGARDS,
ROBERT J. BLACKWELL
ASSISTANT SECRETARY FOR MARITIME AFFAIRS
UNQUOTE

2. PRESENT PLANS CALL FOR BLACKWELL PARTY TO FLY
FROM RIO TO BRASILIA EARLY ON MORNING OF SEPTEMBER 15,
RETURNING THAT EVENING TO RIO. MARAD HAS BEEN IN
TELEPHONE CONTACT WITH MARITIME ATTACHE IN RIO
REGARDING SCHEDULING OF VISIT.

3. WE REGRET ANY INCONVENIENCE OCCASIONED TO EMBASSY
IN ITS DEALINGS WITH FOREIGN MINISTRY. KISSINGER

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: MARINE TRANSPORTATION, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE208962
Document Source: CORE
Document Unique ID: 00
Drafter: JAPURNELL:EW
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760322-0609
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760828/aaaaayae.tel
Line Count: 131
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 BRASILIA 7231
Review Action: RELEASED, APPROVED
Review Authority: harterdg
Review Comment: n/a
Review Content Flags:
Review Date: 26 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 APR 2004 by ReddocGW>; APPROVED <18 JAN 2005 by harterdg>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MARITIME DISCUSSIONS WITH BRAZIL
TAGS: EWWT, OVIP, AR, BR, US, (BLACKWELL, ROBERT J)
To: BRASILIA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006